

Joint Finance Appropriations Committee

FY 2021 and FY 2022 General Fund

**Revenue
for Budget Setting**

and

Statewide Decisions

Committee Members

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Co-Chairman

Sen. Steve Bair

Sen. Dan Johnson

Sen. Fred Martin

Sen. Kelly Anthon

Sen. Scott Grow

Sen. Jim Woodward

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Rep. Sally Toone

Rep. Lauren Necochea

Legislative Staff

Keith Bybee
Budget & Policy Analyst
(208) 334-4739
kbybee@lso.idaho.gov

On-line Information

www.legislature.idaho.gov

January 14, 2021

We have completed making our overall assessment of Governor Little's General Fund revenue projections for the fiscal years ended June 30, 2021, 2022, and 2023. Idaho's Constitution, Article VII, Section 11 requires balancing the state's appropriations and expenditures with its revenues. Accordingly, it is this Committee's role and mission to provide advice to you about the reasonableness of such revenue projections. The Committee reviewed and analyzed business, tax, financial data, and trends relating to the state's economy, and obtained testimony from economic, business, and industry experts regarding those aspects of the state's economy and revenues of which they have knowledge.

Governor Little's General Fund revenue projections for FY 2021, FY 2022, and FY 2023 compared to the Committee's median projections are as follows in millions of dollars:

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Governor Little's projections	\$4,254.60	\$4,404.00	\$4,562.80
Committee's average projections	\$4,299.80	\$4,467.40	\$4,637.40
Amount and percent	\$45.20	\$63.40	\$74.60
over/(under) Gov. projection	1.10%	1.40%	1.60%

After careful consideration of expert testimony from economists, business leaders, and industry spokesmen regarding the status of Idaho's current economy and the economic outlook for the next eighteen months, and careful review of the Governor's fiscal year 2021 and 2022 projections, we recommend to the Senate and House of Representatives Leadership and to the Co-Chairs of the Joint Finance-Appropriations Committee total General Fund Revenues available for appropriation to be \$4,254.6 million dollars for fiscal year 2021 and \$4,404.0 million dollars for fiscal year 2022. We recommend caution in making appropriations above the committee's revenue recommendation, especially in light of economic uncertainty related to the impact of the COVID-19 pandemic on Idaho and Idahoans.

Attachments 1 and 2 provide the detail for all eighteen committee members and three of the presenters. Attachment 3 provides a historical comparison of projections and actual collections.

Sincerely,

Caroline Troy





Joint Change in Employee Compensation Committee

Idaho State Legislature

January 26, 2021

To: Members of the 66th Idaho Legislature, First Regular Session

The Joint Change in Employee Compensation (CEC) Committee has completed its hearings and deliberations. The committee received many reports, including an overview of the statutory requirements of Idaho's compensation system and information from the Division of Human Resources, the Division of Financial Management, and the Legislative Services Office. The committee also received information from the Office of Group Insurance about the employee group healthcare plan, as well as from PERSI, Idaho's retirement system, about retirement benefits. In addition, the committee received testimony from the public and agency directors.

The CEC Committee recognizes that the goal of Idaho's total compensation system for state employees is to fund a competitive salary and benefit package that will attract qualified applicants to the work force, retain employees who have a commitment to public service excellence, motivate employees to maintain high standards of productivity, and reward employees for outstanding performance within the means reasonably available to the state. To that end, and in accordance with Section 67-5309C(4), Idaho Code, the CEC Committee offers the following recommendations to the Joint Finance-Appropriations Committee for FY 2022:

- 1. Salary Structure Adjustment:** The compensation schedule should be shifted upwards by two percent (2%) at the minimum, policy, and maximum pay rates in all pay grades, with the exception of Pay grade D where the minimum shall stay at \$7.25 per hour, and that the Legislature fully fund that shift.

ESTIMATED FISCAL IMPACT: \$324,200 to bring 417 employees up to the new minimum of the salary ranges. Of the total, \$134,400 is from the General Fund, \$39,000 is from dedicated funds, and \$150,800 is from federal funds.

- 2. Specific Occupational Inequities:** The state should maintain the job classifications that currently have a payline exception to address specific recruitment or retention issues, as recommended in the FY 2022 Change in Employee Compensation & Benefits Report from the Division of Human Resources.

ESTIMATED FISCAL IMPACT: There is no additional cost because the classifications are already covered in the personnel cost appropriation in each agency budget.

- 3. Salary Increase:** The Legislature should fund an ongoing 2% increase in personnel costs to provide a merit-based increase for state employees with flexibility allowed for agency heads and institution presidents to distribute those funds as they see fit.

ESTIMATED FISCAL IMPACT: The 2% CEC is estimated to cost \$29,218,500 from all funds, of which \$14,277,600 is from the General Fund, \$10,385,800 is from dedicated funds, and \$4,555,100 is from federal funds.

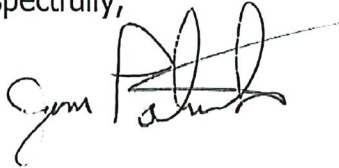
4. Employee Benefit Package:

- Health Insurance: The Legislature should maintain the current employee health insurance benefit package with no significant changes in plan design. Appropriation levels for FY 2022 should remain at the current level of \$11,650 per FTP.
- Retirement: The Legislature should maintain the current PERSI benefit package. Additionally, a one-year holiday for employers that contribute to the PERSI-managed sick leave plan should be implemented.

ESTIMATED FISCAL IMPACT: No change from the current year appropriations.

If any member of the Legislature has questions about our deliberations, please contact us.

Respectfully,



Senator Jim Patrick, Co-chair



Representative James Holtzclaw, Co-chair

Senator Jeff Agenbroad
Senator Jim Guthrie
Senator Mary Souza
Senator Janie Ward-Engelking

Representative Scott Syme
Representative Mike Kingsley
Representative Aaron von Ehlinger
Representative John Gannon

FY 2021 General Fund Revenue for Budget-Setting

MOTION: For FY 2021, I move that the Joint Finance-Appropriations Committee adopt the Governor's and the Economic Outlook & Revenue Assessment Committee's General Fund revenue projection of \$4,254,592,800, for setting state agency budgets.

Discussion: This revenue projection is 5.5% above the actual FY 2020 General Fund revenue collections.

FY 2022 General Fund Revenue for Budget-Setting

MOTION: For FY 2022, I move that the Joint Finance-Appropriations Committee adopt the Governor's and the Economic Outlook & Revenue Assessment Committee's General Fund revenue projection of \$4,403,997,600 for setting state agency budgets.

Discussion: This revenue projection is 3.5% above the projected FY 2021 General Fund revenue collections.

CHANGE IN EMPLOYEE COMPENSATION (CEC)

MOTION: I move for FY 2022, to adopt the Governor's and the Change in Employee Compensation Committee's recommendation to provide funding for the equivalent of a 2% merit-based salary increase for permanent employees of state agencies, institutions, and the Idaho Bureau of Education Services for the Deaf and the Blind with flexibility for agency heads and institution presidents to distribute the amount. Also, adopt their recommendation to move the compensation schedule upwards by 2% at the minimum, policy, and maximum pay rates in all pay grades and the Governor's recommended fund shifts. The exception to the change is that the minimum wage would remain at \$7.25 per hour in pay grade D.

The totals for these adjustments include **\$14,412,000** from the General Fund, **\$10,424,800** from dedicated funds, and **\$4,705,900** from federal funds for a total of **\$29,542,700**.

	General	Dedicated	Federal	Total
2% Merit for Permanent Employees	14,274,400	10,387,600	4,556,500	29,218,500
2% Compensation Schedule Shift Upwards	134,400	39,000	150,800	324,200
Gov. Rec. Fund Shifts	3,200	(1,800)	(1,400)	0
Total	\$14,412,000	\$10,424,800	\$4,705,900	\$29,542,700

BENEFITS

MOTION: I move to adopt the Governor's and the Change in Employee Compensation Committee's FY 2022 recommendation to maintain the current appropriated amount for health insurance per eligible full-time FTP at \$11,650, and other variable rate changes by agency, which result in increases of \$3,045,800 from the General Fund, \$2,439,800 from dedicated funds, and \$919,800 from federal funds, for a total increase of \$6,405,400.

	General	Dedicated	Federal	Total
Variable Benefits	\$3,045,800	\$2,439,800	\$919,800	\$6,405,400

STATEWIDE COST ALLOCATION (SWCAP)

MOTION: I move for FY 2022, to include the Governor's recommendation adjusting Attorney General fees, State Controller fees, State Treasurer fees, and risk management costs, and costs for the Office of Information Technology Services for an increase of \$1,516,000 from the General Fund, \$747,700 from dedicated funds, and \$384,800 from federal funds, for a total of \$2,648,500.

SWCAP

Agency	General	Dedicated	Federal	Total
Attorney General	83,800	(164,400)	107,000	26,400
Risk Management	912,400	450,900	(74,900)	1,288,400
State Controller	126,000	122,000	86,600	334,600
State Treasurer	(46,000)	(10,700)	(5,000)	(61,700)
Office of Info. Tech	439,800	349,900	271,100	1,060,800
TOTAL	\$1,516,000	\$747,700	\$384,800	\$2,648,500